

HUMAN SERVICES DEPARTMENT[441]

Adopted and Filed Emergency

Pursuant to the authority of Iowa Code section 249A.4 and 2011 Iowa Acts, House File 649, section 10, subsection 20(a), the Department of Human Services amends Chapter 79, “Other Policies Relating to Providers of Medical and Remedial Care,” Iowa Administrative Code.

This amendment lowers Medicaid reimbursement for physician services when the services are provided in a health care facility setting instead of the physician’s office. This reduction is consistent with similar changes that have been made in the Medicare program. Legislation passed by the Eighty-Fourth General Assembly allows the Department to implement the Medicaid cost containment strategies recommended by Governor Branstad. This change is one of the recommended strategies.

The rationale for this change is that a physician’s expense in rendering a service in a facility setting is less than it would be in an office setting. When services are rendered in the physician’s office, the cost of the service reflects not just the physician’s time, but also the various support and auxiliary services involved in maintaining the office and providing services to patients. When services are provided in another facility, these expenses are borne by the facility and are reflected in the facility’s reimbursement.

The Iowa Medicaid Enterprise has identified nearly 1,800 procedure codes that have lower Medicare reimbursement when services are provided in a facility and has calculated the percentage differential in the two reimbursement amounts for each code. The Iowa Medicaid Enterprise will apply that percentage differential to the Iowa Medicaid physician fee schedule for the same procedure code to arrive at the reduced Medicaid payment for the service when the service is rendered in a facility setting.

The Council on Human Services adopted this amendment on August 10, 2011.

The Department finds that notice and public participation are impracticable because the Department’s appropriation for the fiscal year beginning July 1, 2011, assumes the implementation of the cost containment strategies recommended by the Governor without a delay for notice and public comment. Therefore, this amendment is filed pursuant to Iowa Code section 17A.4(3).

The Department also finds, pursuant to Iowa Code section 17A.5(2)“b”(1), that the normal effective date of this amendment should be waived, as authorized by 2011 Iowa Acts, House File 649, section 10, subsection 20(a).

This amendment is also published herein under Notice of Intended Action as **ARC 9721B** to allow for public comment.

This amendment does not provide for waivers in specified situations because the savings assumed in the Department’s appropriations will not be achieved if waivers are provided. Requests for the waiver of any rule may be submitted under the Department’s general rule on exceptions at 441—1.8(17A,217).

After analysis and review of this rule making, no impact on jobs has been found.

This amendment is intended to implement Iowa Code section 249A.4 and 2011 Iowa Acts, House File 649, section 10, subsection 20(a).

This amendment became effective September 1, 2011.

The following amendment is adopted.

Adopt the following new paragraph **79.1(7)“b”**:

b. Payment reduction for services rendered in facility settings. The fee schedule amount paid to physicians based on paragraph 79.1(7)“a” shall be reduced by an adjustment factor as determined by the department. For the purpose of this provision, a “facility” place of service (POS) is defined as any of the following:

- (1) Hospital inpatient unit (POS 21).
- (2) Hospital outpatient unit (POS 22).
- (3) Hospital emergency room (POS 23).
- (4) Ambulatory surgical center (POS 24).
- (5) Skilled nursing facility (POS 31).
- (6) Inpatient psychiatric facility (POS 51).

- (7) Community mental health center (POS 53).
- (8) Comprehensive inpatient rehabilitation (POS 61).

[Filed Emergency 8/16/11, effective 9/1/11]

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EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 9/7/11.